GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2183
ANSWERED ON:28.07.2017
Policy Governing the Loan Waiver Schemes
Chandrakasi Shri M.

Will the Minister of FINANCE be pleased to state:

a) the details of the policy, principles and broad outlines governing the loan waiver schemes;
b) whether the RBI guidelines permitted waive off long outstanding Non-Performing Assets (NPAs) of public sector banks and if so, the details thereof;
c) the details of sector-wise loan waivers granted by Government including agriculture, Small and Medium Enterprises, infrastructure projects, education, corporate sector and others during the last five years; and
d) whether the Government intends to review and lay down strict norms for allowing loan waivers only for larger public welfare as compared to individual benefits and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) and (b): As per Reserve Bank of India (RBI) master circular on Income Recognition and Asset Classification (IRAC) norms, every bank has to have its own Board approved recovery policy including the manner and procedure of write-offs. Loans are written off after appropriate provisions have been made to take advantage of tax benefits and capital optimization.

(c) and (d): The details of write-offs done by Public Sector Banks for the last five years are annexed.
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